

Minutes

LBNL Contract Assurance Council Meeting September 9, 2005

Participants

Bob Foley, Chair	Merna Hurd
Judy Ackerhalt	Buck Koonce
John Birely	John Layton
Anne Broome	David McGraw
John Chernowski	Ron Nelson
Karen Clegg	Sandy Vinson
Bill Eklund	Scott Sudduth
Jim Hirahara	Susan Thomas

The Agenda for the Council Meeting is attached.

Organizational Items

Council Chair Foley appointed two new members of the Council and welcomed them both to their first Council meeting. We are very fortunate to have Karen Clegg, former President of Federal Manufacturing and Technology Division of Allied Signal, the prime contractor for the NNSA Kansas City Production Plant, and John Layton, former Department of Energy Inspector General, serve as external members of the Council. In addition Academic Senate Chair Blumenthal's term has expired and his replacement, Cliff Brunk, will be appointed to the Council.

LBNL Office of Institutional Assurance

John Chernowski, LBNL Office of Institutional Assurance (OIA), provided an overview of the UC Assurance Plan for LBNL attached to the Agenda provided to Council members prior to the meeting. The Plan describes a set of operating systems used to assure that LBNL organizations achieve reliable and safe performance in their work activities, in compliance with regulatory and contractual requirements. The Plan objectives are to describe the assurance process used under the contract, detail reporting relationships between LBNL and UCOP (including the Contract Assurance Council), describe the process for promoting continuous improvement, and conform to draft DOE Order 260.1, Implementation of Department of Energy Oversight Policy.

Several suggestions from Council members were provided to ensure that the Plan provides a solid framework for meeting the overall assurance objective of the Plan. Anne Broome commented on the need for ensuring that a strong financial management control environment is in place, and will discuss an initiative underway at LANL for possible lessons learned. The National Laboratories Improvement Council (NLIC) was mentioned as a possible resource for understanding how other Contractors are addressing contractor assurance at their sites. David McGraw will follow up with NLIC. Karen Clegg encouraged reaching out to other organizations to benchmark assurance systems, especially with regard to corrective action tracking, validation, trend analysis and lessons learned. John Layton emphasized the need for accountability within the assurance systems, both in terms of making it clear who is accountable, as well as holding responsible individuals accountable for desired results. It was recognized that the Assurance Plan is a living document that will be subject to modification and continuous improvement. The Council will monitor and suggest improvements to the Plan as the assurance function at LBNL continues to evolve and mature.

Conditional Payment of Fee Notice from DOE

The DOE Berkeley Site Office issued a letter dated June 17, 2005, notifying the University that they were contemplating a fee reduction under a new provision of the current contract entitled “Conditional Payment of Fee, Profit, and Other Incentives” (DEAR 970.5215-3). The notice was prompted by an electrical safety incident in Building 58 and could result in a reduction of 11% to 25% in otherwise earned fee for the year. A response to the notice has been provided to DOE and is currently under review. A copy of the LBNL incident report, along with the BSO June 17 letter and the University’s response, are attached. LBNL and Laboratory Management will keep the Council informed as the matter moves forward to resolution.

Contract Performance Appraisal Planning

As September 30 approaches, the contract performance appraisal period for the current year, as well as the setting of contract performance objectives and measures for FY 06, will be finalized. The Council discussed the appropriate assurance role of the Council relative to performance assessments and development of performance measures.

With regard to performance assessments, it was agreed that Buck Koonce would provide the Council a summary briefing of the University’s self-assessment similar to what has been provided to the DOE Site Office in the past. The Council will have an opportunity to provide input as to the adequacy of the self-assessment. The DOE will evaluate the University’s self-assessment and other pertinent performance information to make its final determination on contractor performance.

Relative to the development of performance objectives for the coming year, the Council will not be involved in the transactional approval of performance objectives and measures. However, the Council will be briefed on the final performance objectives and measures to be included in Appendix B to the contract and review them for adequacy. Input will be provided to Laboratory Management and LBNL for possible mid-year changes or consideration for inclusion in the next year’s objectives and measures.

LBNL Assurance Topics

- Dave McGraw reported that a very successful external review of the LBNL Earned Value Management System (EVMS) was completed. Based on the exit briefing provided by the certification team sent by DOE’s Office of Engineering and Construction Management, a site-wide EVMS certification will be recommended. The review team comprised of auditors from the Defense Contract Management Agency in DOD had no major or minor Corrective Action Requests.
- In preparation for a DOE review of the Joint Gnome Institute to be held in November, the Laboratory Deputy Director tasked a Self Assessment Review Committee comprised of UC and Lab experts to evaluate specific issues that would likely receive the DOE review team’s attention. The results of the self assessment and DOE review will be reported to the Council at a future meeting.

Quarterly Meeting in October

The Council meeting on October 12, 2005, will be a quarterly meeting from 9:00 – 11:00 a.m. An expanded agenda to cover selected topics in greater depth will be provided. External members are requested to attend this meeting in person to facilitate information exchange and discussion.

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AGENDA

LBNL CONTRACT ASSURANCE COUNCIL

Friday, September 9, 2005

1:00 p.m. - 2:00 p.m.

1111 Franklin Street, 5th Floor, Room 5320

Call in Number (866) 740-1260 code: 9870914

Introductory Remarks

Organizational Items

- Introduction of External members (by phone)

LBNL Assurance Plan (see attached Plan)

Conditional Payment of Fee Notice from DOE

Contract Performance Appraisal Planning

- FY05 Appraisal
- FY06 Performance Evaluation Measurement Plan

LBNL Assurance Topics

- EVMS Review Results
- Joint Gnome Institute internal review
- Other?

Quarterly Meeting in October

Council Members:

VP Foley, Council Chair

SVP Mullinix

SVP Darling

General Counsel Holst

Vice Provost Coleman

VP Broome

Auditor Reed

Academic Senate Chair Blumenthal

AVP Van Ness

AVP Birely

AVP Boyette

Deputy AVP Koonce

External Members:

Karen Clegg

John Layton